Government of Canada Securities

January 2007

Canadian Economy

Selected Canadian economic statistics

|	2005			2006		
	Q2	Q3	Q4	Q1	Q2	Q3
Annualized growth rates			(per cent)			
Real gross domestic product	3.4	3.5	2.6	3.8	2.0	1.7
Final domestic demand	3.9	4.1	4.7	5.6	3.6	2.8
Employment growth	1.7	1.5	2.4	1.6	3.1	0.4
Other						
Unemployment rate	6.8	6.8	6.5	6.4	6.5	6.4
Current account balance (percentage of GDP)	1.4	2.7	3.8	2.9	1.3	1.4

Source: Statistics Canada.

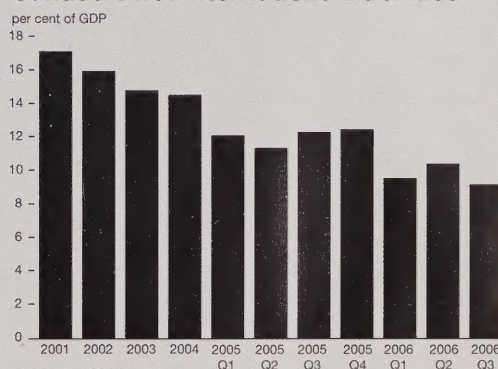### Government of Canada federal debt (accumulated deficit) and budgetary balance

per cent of GDP   per cent of GDP
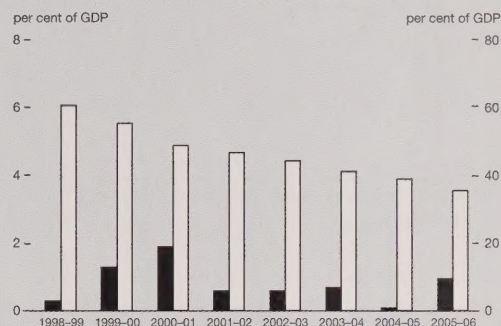
Source: Department of Finance.

Canada's current account balance and merchandise trade balance

per cent of GDP

- Current account
- Merchandise trade
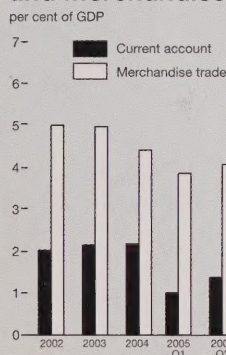
Source: Statistics Canada.

Canada's net international liabilities

per cent of GDP

Source: Statistics Canada.
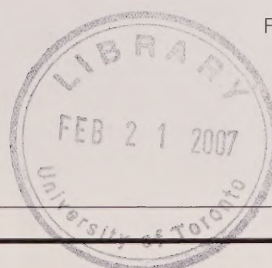
Upcoming economic data releases of interest

January

December CPI
(January 23)

November GDP
(January 31)

February

January Labour Force Survey
(February 9)

January CPI
(February 20)

March

December GDP
(March 2)

National and Economic Accounts
October-December 2006
(March 2)

February Labour Force Survey
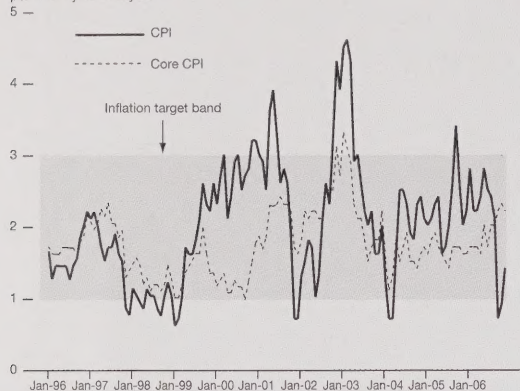(March 9)

February CPI
(March 20)

January GDP
(March 30)
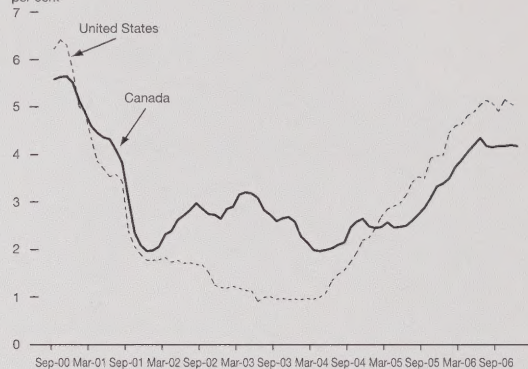
Canada

Canadian Economy

Consumer Price Index

per cent – year over year

——— CPI

- - - - - - - Core CPI

Inflation target band

Source: Statistics Canada.

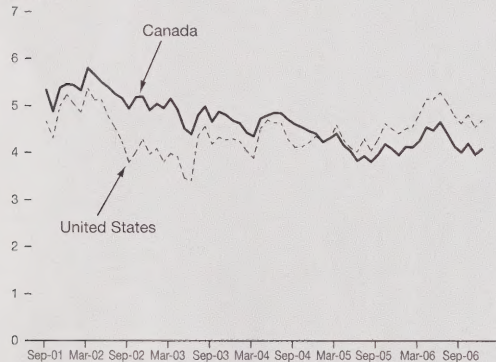## 3-month treasury bill rates

per cent

United States

Canada

Sources: Bank of Canada and Federal Reserve.

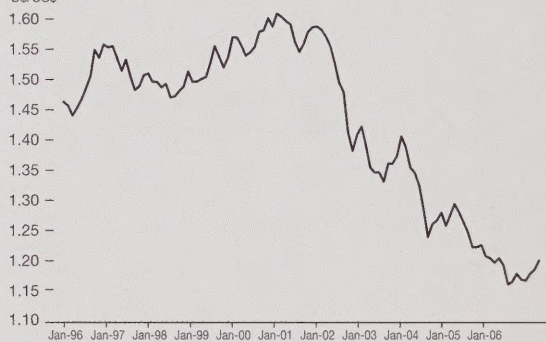## 10-year government bond rates

per cent

Canada

United States

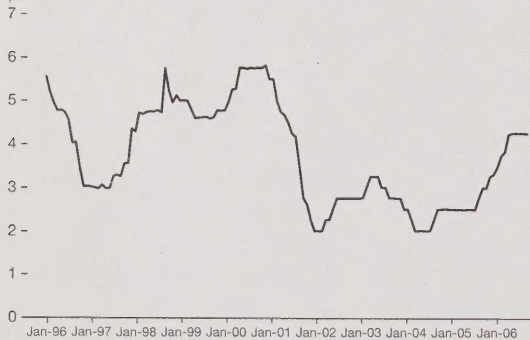Sources: Bank of Canada and Federal Reserve.

Exchange rate

C$/US$

Source: Bank of Canada.

Overnight money market rate

per cent

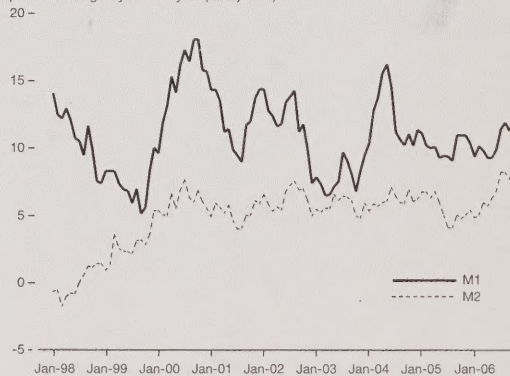Source: Bank of Canada.

Canadian monetary aggregates
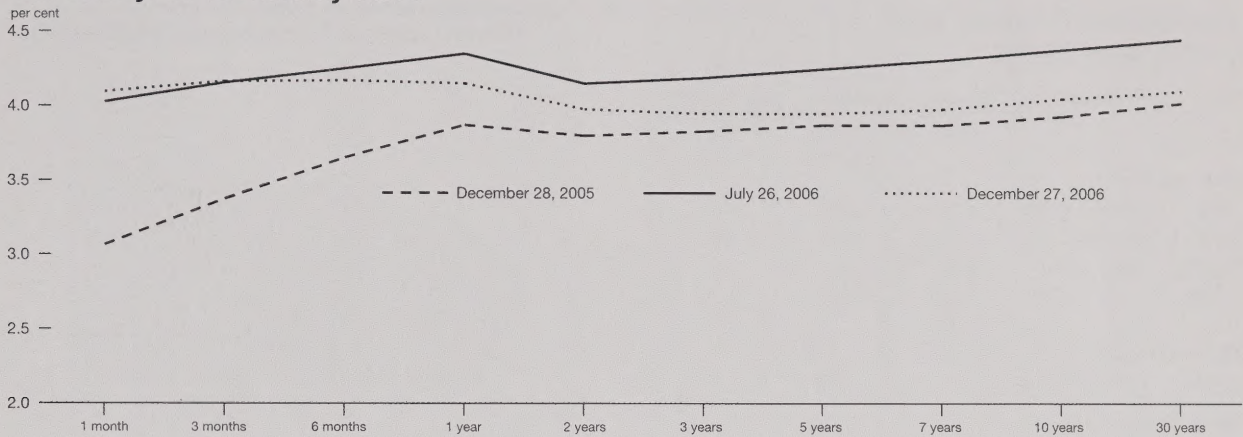
per cent change – year over year (unadjusted)

——— M1

- - - - - - - M2

Source: Bank of Canada.

Secondary Market

Canadian yield-to-maturity curve

per cent

- - - December 28, 2005   ——— July 26, 2006   ·········· December 27, 2006

1 month   3 months   6 months   1 year   2 years   3 years   5 years   7 years   10 years   30 years

Source: Bank of Canada.

Government of Canada bonds trading volume and turnover ratio
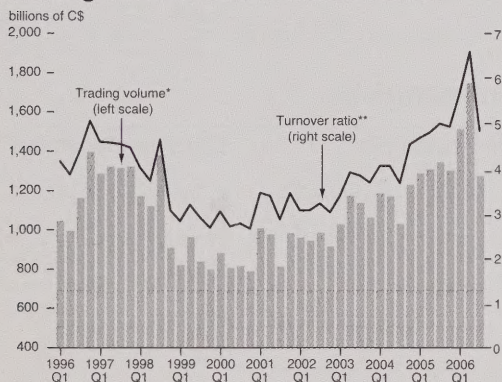
billions of C$

Trading volume* (left scale)

Turnover ratio** (right scale)

*Trading volume is total trading volume in each quarter.
**Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

Government of Canada treasury bills trading volume and turnover ratio
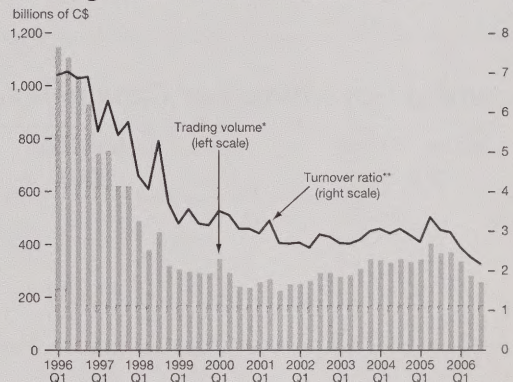
billions of C$

Trading volume* (left scale)

Turnover ratio** (right scale)

*Trading volume is total trading volume in each quarter.
**Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

Government securities distributors

- Bank of Montreal (treasury bills only)
- Beacon Securities Limited
- BMO Nesbitt Burns Inc. (marketable bonds only)
- Canaccord Capital Corp.
- Canadian Imperial Bank of Commerce (treasury bills only)
- Casgrain & Company Limited
- CIBC World Markets Inc. (marketable bonds only)
- CTI Capital Inc.
- Desjardins Securities
- Deutsche Bank Securities Limited
- Golden Capital Securities Limited

- HSBC Bank Canada (treasury bills only)
- HSBC Securities (Canada) Inc. (marketable bonds only)
- Laurentian Bank Securities Inc.
- Merrill Lynch Canada Inc.
- J.P. Morgan Securities Canada Inc.
- National Bank Financial Inc.
- Ocean Securities Inc.
- Odlum Brown Limited
- RBC Dominion Securities Inc.
- Scotia Capital Inc.
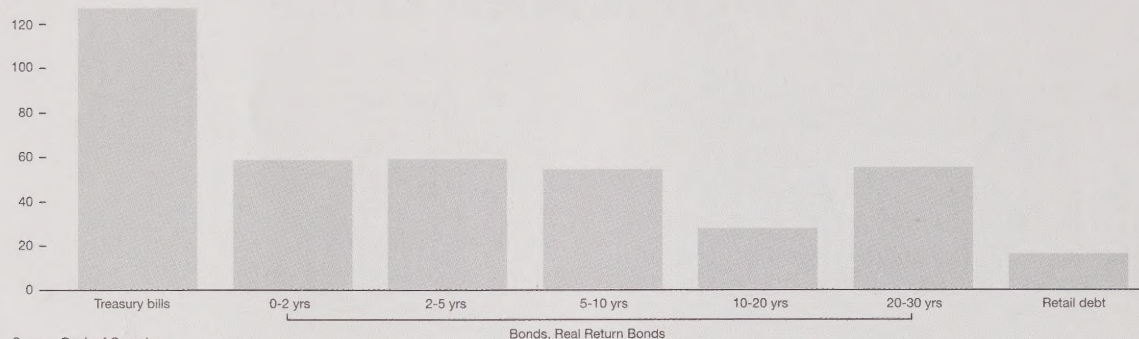- The Toronto-Dominion Bank

Government of Canada Securities

Primary Market

Outstanding Government of Canada treasury bills, bonds (by term to maturity) and retail debt

billions of C$

Source: Bank of Canada.

Recent Government of Canada bond auction results

Auction date	Term	Maturity date	Coupon rate	Issue amount	Average price	Average yield	Auction coverage**	Tail***
	(years)		(%)	(millions of dollars)		(%)		(basis points)
November 29, 2006	30	December 1, 2036	3*	450	132.116	1.640	2.368	n.a.
November 15, 2006	2	June 1, 2009	3.75	2,400	99.535	3.945	2.46	0.1
November 1, 2006	5	June 1, 2012	3.75	2,000	99.208	3.910	2.627	0.2
October 11, 2006	10	June 1, 2017	4	2,300	98.734	4.149	2.447	0.2

* Real Return Bond.

** Coverage is defined as the ratio of total bids at auction to the amount auctioned.

*** Tail is defined as the high accepted yield minus the average yield.

Source: Bank of Canada.

Government of Canada bond auctions

Type of issue	Auction date (2007)	Further details of issue (2007)	Dated and delivered (2007)	Amount maturing*
				(millions of dollars)
30-year	January 10	January 4	January 15	0
10-year	January 24	January 18	January 29	0
Real Return Bond	February 28	February 22	March 5	0

Note: In addition, this quarter five operations are planned under the Government of Canada bond repurchase program. Two repurchase operations will be held in conjunction with each nominal bond auction, and three switch repurchase operations will take place: one on February 14 in the 5-year sector, one on March 7 in the 2-year sector, and one on March 14 in the 10-year sector. Further details will be released on the Thursday prior to these operations. The target amount for the repurchase this quarter is $1.4 billion.

* Maturity of $193 million on March 1, 2007.
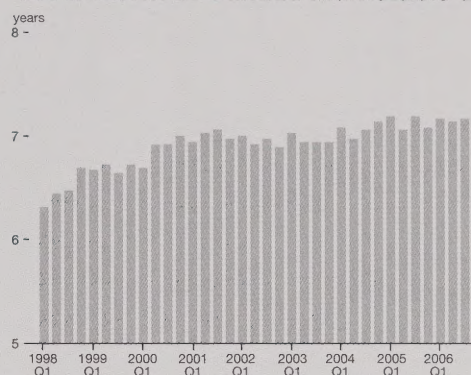
Source: Bank of Canada.

Government of Canada Securities

Primary Market

Government of Canada bond market benchmarks

Term	Maturity	Coupon	Amount outstanding	Yield (Dec. 29, 2006)
		(%)	(millions of dollars)	(%)
Fixed-coupon				
2-year	December 1, 2008	4.25	7,300	4.02
5-year	September 1, 2011	3.75	9,328	3.99
10-year	June 1, 2016	4.00	10,300	4.08
30-year	June 1, 2033	5.75	13,410	4.13
Real return				
30-year	December 1, 2036	3	5,450	1.77

Source: Department of Finance.

Average term to maturity of Government of Canada marketable debt

years

Source: Bank of Canada.

Upcoming Government of Canada marketable bond maturities

January–March 2007	April–June 2007	July–September 2007	October–December 2007
(millions of dollars)			
193	11,282	9,725	7,425

Outstanding Government of Canada foreign currency debt

	(C$ millions)*
Canada bills	1,999
Canada notes	493
Outstanding under EMTN program	1,629
6 ⅝% NZ$ bonds maturing October 3, 2007	399
4 ⅞% EUR bonds maturing July 7, 2008**	3,146
5 ¼% US$ bonds maturing November 5, 2008	2,914

 * At par value, adjusted for exchange rates as of December 29, 2006.
** Original issue in Deutsche Marks was redenominated into euros on February 19, 1999.

Source: Bank of Canada.
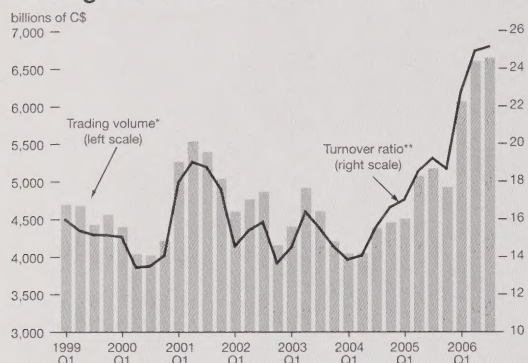
Canada's level of liquid foreign reserves

billions of US$
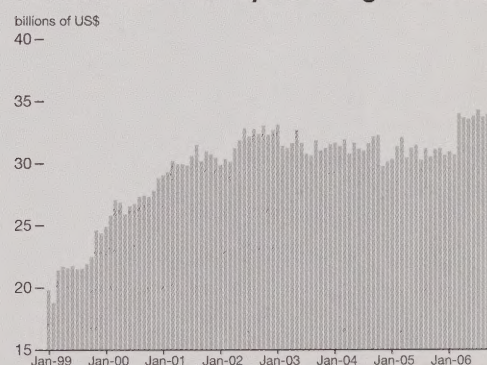
Source: Bank of Canada
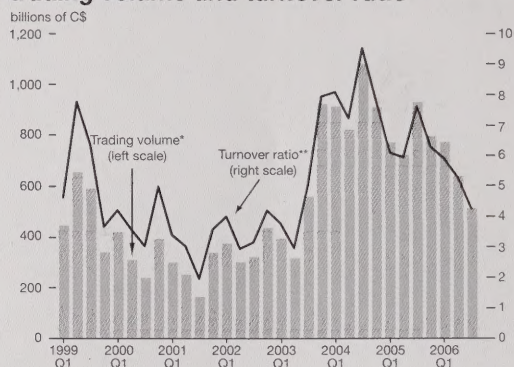
Government of Canada Securities

Secondary Market

### Government of Canada bond repos trading volume and turnover ratio

billions of C$

*Trading volume is total trading volume in each quarter.
**Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

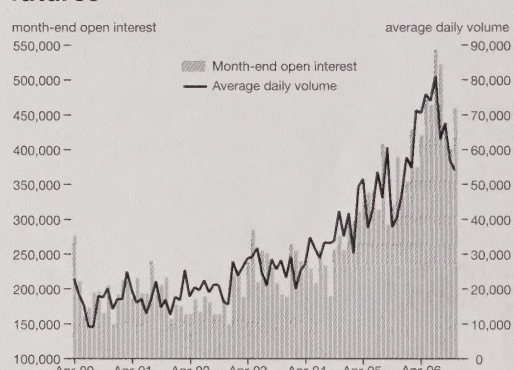### Government of Canada treasury bill repos trading volume and turnover ratio

billions of C$

*Trading volume is total trading volume in each quarter.
**Turnover ratio = total trading volume in each quarter/stock.
Source: Bank of Canada.

10-year Government of Canada bond futures

month-end open interest — average daily volume
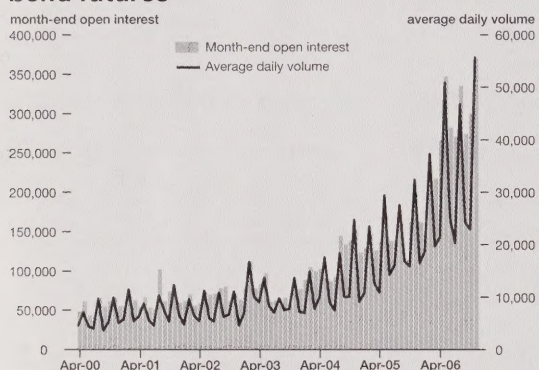
Source: The Montreal Exchange.

3-month bankers acceptance futures

month-end open interest — average daily volume

Source: The Montreal Exchange.

Government of Canada long-term credit ratings

	Standard & Poor's Current	Moody's Investors Service Current	Dominion Bond Rating Service Current
Domestic debt	AAA	Aaa	AAA
– Trend	Stable	Stable	Stable
Foreign debt	AAA	Aaa	AAA
– Trend	Stable	Stable	Stable

Department of Finance
Canada

Ministère des Finances
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